



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Required Report - public distribution

Date: 4/18/2002

GAIN Report #ID2005

## Indonesia

## Sugar

## Annual

## 2002

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### Report Highlights:

**Good sugar prices are expected to improve farm management and increase cane production to 24.0 mmt in 2002/03. Sugar consumption is forecast at 3.5 mmt in 2002/03, almost 3 percent higher than the previous year. Imports are expected to remain stable at around 1.5 million tons.**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Jakarta [ID1], ID

## SECTION I: SITUATION AND OUTLOOK

### General Summary

Outdated farm practices, high input prices and little access to credit continue to hamper cane and sugar production. Cane production in 2001/02 (May 01-April 02 ) is estimated to have been around 23.4 mmt. Good sugar prices are expected to improve farm management and increase cane production to around 24.0 mmt in 2002/03. Difficulties in obtaining credit and high costs of production are limiting area expansion. Furthermore lack of fertilizer during cane growing period has limited yield increases.

Sugar consumption is forecast at 3.5 mmt in 2002/03, almost 3 percent higher than the previous year. A total of 1.5 to 1.6 million ton imports are required annually to meet the demand from households and food/beverage industries. To curtail smuggling, the government requires sugar importers to have a special import licence called NPIK-Nomor Pengenal Impor Khusus, effective May 6, 2002. The licence is valid for 5 years. Importers should report their import activities to the Ministry of Industry and Trade every month.

Import are expected to remain stable at around 1.5 million tons.

### Sugar Cane for Centrifugal

PSD Table						
Country:	Indonesia					
Commodity:	Sugar Cane Centrifugal					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		05/2000		05/2001		05/2002
Area Planted	380	380	380	380	0	380
Area Harvested	340	340	340	330	0	335
Production	23500	23900	23500	23400	0	24000
TOTAL SUPPLY	23500	23900	23500	23400	0	24000
Utilization for Sugar	23500	23900	23500	23400	0	24000
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	23500	23900	23500	23400	0	24000

Note: Unit in 1,000 Ha. and 1,000 MT.

Data in the "Old" column reflect FAS/Washington data. For Post's previous PS&D refer to report ID1022.

**Centrifugal Sugar**

PSD Table						
Country:	Indonesia				Unit:	1,000 MT
Commodity:	Centrifugal Sugar					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		05/2000		05/2001		05/2002
Beginning Stocks	1330	1330	1415	1415	1315	1315
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	1800	1800	1700	1700	0	1800
TOTAL Sugar Production	1800	1800	1700	1700	0	1800
Raw Imports	1230	1230	1100	1100	0	1100
Refined Imp.(Raw Val)	361	361	500	400	0	500
TOTAL Imports	1591	1591	1600	1500	0	1600
TOTAL SUPPLY	4721	4721	4715	4615	1315	4715
Raw Exports	6	6	0	0	0	0
Refined Exp.(Raw Val)	0	0	0	0	0	0
TOTAL EXPORTS	6	6	0	0	0	0
Human Dom. Consumption	3300	3300	3400	3400	0	3500
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	3300	3300	3400	3400	0	3500
Ending Stocks	1415	1415	1315	1215	0	1215
TOTAL DISTRIBUTION	4721	4721	4715	4615	0	4715

Note: Data in the "Old" column reflect FAS/Washington data. For Post's previous PS&D refer to report ID1022.

**Production**

Lack of credit for cane farming and unavailability of fertilizer during the growing period curb efforts in improving cane yields and quality. Cane production is estimated to have been 23.4 mmt in 2002/02. However, high sugar prices are expected to better farm practices and boost imports, and increase production to 24.0 mmt in 2002/03.

Centrifugal sugar production in 2001/02 is estimated at 1.7 mmt, around 5 percent lower than the level produced in previous year due to lower sugar extraction rates. Production is forecast to rebound to 1.8 mmt in 2002/03 as prices are encouraging better farming practices, and should also lead to more timely harvests, better management in transportation, and an improvement in sugar extraction rates.

## Consumption

Sugar consumption is increasing, reflecting an increase in population and expanding food industry. Consumption is estimated at 3.4 mmt for 2001/02 and forecast to increase around 3 percent to 3.5 mmt in 2002/03.

## Prices

The average retail prices of both local and imported sugar in the Jakarta market increased from Rp. 3,772/kg in Jan-Mar 2001 (US\$ 400.7/mt at the current exchange rate) to Rp. 3,971/kg or US\$ 421.9/mt for the same period in 2002. Price disparity between local and imported sugar is not significant. This price increase should encourage local farmers to grow more cane.

## Trade

### Export Trade Matrix

Export Trade Matrix				
Country:	Indonesia		Units: 1,000 MT	
Commodity:	Sugar			
Time period:	Jan-Nov			Jan-Nov
Exports for	2000			2001
U.S.	0		U.S.	0
Others			Others	
			Japan	4
Total for Others	0		Total for Others	4
Others not listed	1		Others not listed	0
Grand Total	1		Grand Total	4

Source: Central of Statistics Agency, Jakarta, Indonesia.

**Import Trade Matrix**

Import Trade Matrix				
Country:	Indonesia		Units: 1,000 MT	
Commodity:	Sugar			
Time period:	Jan-Nov			Jan-Nov
Imports for	2000			2001
U.S.	13		U.S.	0
Others			Others	
Thailand	841		Thailand	675
Brazil	108		India	169
United Arab Emirates	105		United Kingdom	74
United Kingdom	58		Australia	34
China	50		Singapore	25
Australia	40		Brazil	24
Korea	36		Hong Kong	19
Malaysia	30		France	17
Singapore	28		Belgium/Luxemburg	16
Hong Kong	10		Germany	16
Total for Others	1306		Total for Others	1069
Others not listed	61		Others not listed	65
Grand Total	1380		Grand Total	1134

Source: Central of Statistics Agency, Jakarta, Indonesia.

Imports remain stable around 1.5 mmt to 1.6 mmt per year to fulfill demand from households and industries. With the implementation of Indonesian standard for sugar (sometimes in June 2002), raw sugar may no longer used for direct consumption and refined sugar imports may increase in 2003.

**Policy**

Several private and government institutions (including sugarmills, cane farmers association and cooperatives) work together in setting policy to improve sugar industry performance. The efforts will be focused on improving yields, producing good seeds, timely supply of fertilizer, and providing credits timely.

To control import volume and curtail smuggling, the government requires sugar importers to register their company with the Directorate General of International Trade (DGIT), Ministry of Industry and Trade and obtain a special import licence (NPIK-Nomor Pengenal Impor Khusus) which is valid for 5

years. The regulation will be effective May 6, 2002. Under this regulation, the company importing certain commodities (including sugar) should report their import activities to the DGIT on a monthly basis.

The import duties on raw cane and beet sugar are 20 and 25 percent, respectively, while those for refined retail and industrial sugar are 25 and 20 percent, respectively.

Following the notification that has been sent to the WTO, a national standard (SNI-Standard Nasional Indonesia) for sugar will be implemented in June 2002. The standard is aimed to protect consumers from consuming raw sugar, which is prohibited for direct consumption. This new policy will open business opportunities for sugar refineries, and also encourage local sugarmills to increase production. Currently, Indonesia has only one sugar refinery (PT. Bermis Madu Sejati) located in Banten Province producing, 150,000 mt refined sugar per year. There is another refinery in a final stage of its construction (PT. Jawamanis Rafinasi) located in Ciwandan, Banten province. The installed capacity is 150,000 mt refined sugar per year and it is expected that they will start operating June, 2002.

**SECTION II: STATISTICAL INFORMATION AND TABLES****Cane Sugar Production by Month**

Month	Production 1,000 MT	Month	Production 1,000 MT	Month	Production 1,000 MT
1999		2000		2001	
Jan	1.2	Jan	0.1	Jan	2.9
Feb	10.1	Feb	7.4	Feb	46.9
Mar	18.4	Mar	18.1	Mar	25
Apr	58.3	Apr	58.3	Apr	31.5
May	186.9	May	172.2	May	188.1
Jun	346.0	Jun	326.5	Jun	351.6
Jul	345.7	Jul	332.9	Jul	345.8
Aug	542.6	Aug	528.4	Aug	
Sep	256.9	Sep	279.8	Sep	
Oct	121.2	Oct	143.9	Oct	
Nov	18.2	Nov	25.7	Nov	
Dec	2.0	Dec	3.0	Dec	
Total	1,907.5	Total	1,896.3	Total	

Source: Economic Indicator, Central Bureau of Statistic, Indonesia, November 2001.

**Retail Sugar Prices**

Average Monthly Local Sugar Retail Prices 1/  
(Rupiah per Kilogram)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	2755	2627	2248	2617	2573	2901	3355	3433	3458	3470	2850	3674
2001	3700	3785	3880	3955	4053	4203	4205	3913	3638	3633	3853	3833
2002	3953	3988	3953									
% Change	7	5	2	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Center for Market Information (PIP), Ministry of Industry and Trade.

1/ Prices apply to Local Sugar SHS I in traditional Jakarta market. Pct refers to year-to-year percent change.

Average Monthly Imported Sugar Retail Prices 1/  
(Rupiah per Kilogram)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	2708	2598	2440	2535	2503	2841	3243	3203	3393	3411	3650	3677
2001	3688	3743	3840	3938	4046	4153	4178	3900	3625	3573	3833	3828
2002	3978	3990	3963									
% Change	8	7	3	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Center for Market Information (PIP), Ministry of Industry and Trade.

1/ Prices apply to Imported Sugar in traditional Jakarta market. Pct refers to year-to-year percent change.

### Exchange Rate

Exchange Rate (Rp./1US\$) on Period Month Ending Basis												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2387	2403	2418	2443	2458	2450	2528	2190	3350	3700	3740	5700
1998	13513	9377	8740	8211	10767	15160	13850	11700	11314	9142	7755	8100
1999	9419	8992	8778	8632	8179	6750	6989	7736	8571	6949	7439	7161
2000	7414	7517	7598	7988	8728	8742	9055	8370	8891	9483	9524	9385
2001	9488	9914	10460	11675	11375	11440	9525	8670	9675	10435	10430	10200
2002	10253	10189	9655	9705								

Source: Central Statistics Agency (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper.

Note: - August 2001 exchange rate is quoted for August 27, 2001.  
 - December 2001 exchange rate is quoted for December 26, 2001  
 - January 2002 exchange rate is quoted for January 14, 2002  
 - March 2002 exchange rate is quoted for March 28, 2002  
 - April 2002 exchange rate is quoted for Apr 1, 2002  
 - BPS data available up to March 2001.